

Pension Trust

1000 Mill Street
San Luis Obispo, CA 93408
(805) 781-5465 Phone
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www.SLOPensionTrust.org



AGENDA

PENSION TRUST BOARD OF TRUSTEES

Monday, July 24, 2017 9:30 AM

Board of Supervisors Chambers
County Government Center
San Luis Obispo, CA 93408

PUBLIC COMMENT

1. Public Comment: Members of the public wishing to address the Board on matters other than scheduled items may do so when recognized by the Chair. Presentations are limited to three minutes per individual.

ORGANIZATIONAL

None

CONSENT

2. Minutes of the Regular Meeting of June 26, 2017 (Approve Without Correction).
3. Report of Deposits and Contributions for the month of June 2017 (Receive and File).
4. Report of Service Retirements, Disability Retirements and DROP Participants for the month of June (Receive, Approve and File).
5. Applications & Elections to participate in the Deferred Retirement Option Program (DROP) received through July 7, 2017 (Receive, Approve and File).
6. Resolution Modifying and Affirming Investment and Banking authority – Resolution 2017-04 (Recommend Approval).
7. Option 4 SDRO Approval (Recommend Approval).

APPLICATIONS FOR DISABILITY RETIREMENT

8. Application for Industrial Disability Retirement (Case 2017-04) (Recommend Approval)
9. Application for Industrial Disability Retirement (Case 2017-05) (Recommend Approval)

OLD BUSINESS

None

NEW BUSINESS

None

INVESTMENTS

10. Monthly Investment Report for June 2017 (Receive and File).
11. Asset Allocation - (Review, Discuss, and Direct Staff as necessary).

OPERATIONS

12. Staff Reports
13. General Counsel Reports
14. Committee Reports:

a. Audit Committee	No Report
b. Personnel Committee	No Report
c. PAS Replacement Committee	No Report
15. Upcoming Board Topics (subject to change):
 - a. August 28, 2017
 - i. 2017 Actuarial Audit – RFP
 - ii. Quarterly Investment Report
 - iii. Commission Recapture Program Termination
 - iv. Investment Educational Presentation

- b. September 25, 2017 Regular Meeting and Strategic Planning Session (Rm. 161/162)
 - i. Asset/Liability Study (Verus)
 - ii. Actuarial Funding Projections (GRS)
 - iii. Investment Policy Statement
- c. October, 23, 2017
 - i. TBD

16. Trustee Comments

REFERRED ITEMS

None

ADDED ITEMS

None

CLOSED SESSION

None

ADJOURNMENT

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Board of Trustees

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JUNE 26, 2017 MINUTES OF THE REGULAR MEETING OF THE PENSION TRUST BOARD OF TRUSTEES

BOARD MEMBERS PRESENT: Matt Janssen, President
Will Clemens, Vice President
Guy Savage
Gere Sibbach
Jim Hamilton
Jim Erb
Jeff Hamm

STAFF: Carl Nelson
Andrea Paley
Amy Burke

COUNSEL: Chris Waddell, Esq.

OTHERS: Larry Batcheldor, SLOCREA
Leslie Thompson, Actuary GRS
Lisa Winters, Pension Trust
Jennifer Alderete, Pension Trust
Megan Fisher, Human Resources
Michael Hobbs, Human Resources
Alaina Sanchez, Brown Armstrong
Rosalva Flores, Brown Armstrong

The meeting was called to order by President Janssen at 9:31 AM, who presided over same.

AGENDA ITEM NO. 1: PUBLIC COMMENT.

None.

ORGANIZATIONAL:

None.

CONSENT:

AGENDA ITEM NO. 2 - 5: CONSENT.

Upon the motion of Mr. Savage, seconded by Mr. Erb, and unanimously passed, the following action was taken:

- ITEM 2:** The Minutes of the Regular Meeting of May 22, 2017, the Minutes of the Special Meeting of May 22, 2017-1:00 PM Disability Hearing, and the Special Meeting of May 22, 2017-2:00 PM Disability Hearing, were approved without correction.
- ITEM 3:** The Report of Deposits and Contributions for the Month of May 2017, was received and filed.
- ITEM 4:** The Report of Service Retirements, Disability and DROP Retirements for the month of May 2017, was received, approved and filed.
- ITEM 5:** The Report of Applications for participation in the Deferred Retirement Option Program received through June 9, 2017 was received, approved and filed.

APPLICATIONS FOR DISABILITY RETIREMENT:

None.

OLD BUSINESS:

None.

NEW BUSINESS:

AGENDA ITEM NO. 6: AUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED DECEMBER 31, 2016.

Upon the motion of Mr. Janssen, seconded by Mr. Savage, and unanimously passed the following action was taken:

- a) The audited Financial Statements for the period ended December 31, 2016 as presented in the 2016 Comprehensive Annual Financial Report (CAFR) were received, approved and filed; and
- b) The Executive Secretary was authorized and directed to transmit the 2016 CAFR to the following agencies as required by the Government Code and retirement plan as follows:
 - 1) One copy to the Office of the State Controller as required by Government Code Section 7504(c); and
 - 2) One copy to the Board of Supervisors pursuant to Retirement Plan Section 17.02; Annual Statement of Financial Condition; and
 - 3) One copy to the County Auditor-Controller pursuant to Plan Section 17.02: Annual Statement of Financial Condition.

AGENDA ITEM NO. 7: JANUARY 1, 2017 ACTUARIAL VALUATION.

A detailed presentation by Leslie Thompson, of Gabriel Roeder Smith (GRS) as Plan Actuary was made. The Board of Trustees held an extensive discussion with Ms. Thompson.

Upon the motion of Mr. Clemens, seconded by Mr. Erb, and unanimously passed, the following action was taken:

- 1) The January 1, 2017 Actuarial Valuation was received, approved and filed; and
- 2) The transfer of \$3,860,597 from the Current Reserve to the Retiree Reserve as recommended by GRS as Plan Actuary in Comment H of the Actuarial Valuation was approved; and
- 3) The recommendation of the Plan Actuary to increase the current level of County appropriation and Employee Contribution rates such that a TOTAL CONTRIBUTION RATE OF 40.32% EFFECTIVE JANUARY 1, 2017 IS RECEIVED (AN INCREASE OF 1.93% OVER THE CURRENT CHARGED RATE OF CONTRIBUTIONS AS OF 12-31-2016) was approved. Further, this increase is subject to delayed implementation as may be requested by the Plan Sponsor, with adjustments to the rate calculated by GRS to account for the deferred implementation.

**** At 10:40 AM President Janssen recessed the meeting for a 10 minute break resuming the meeting at 10:50 AM**

AGENDA ITEM NO. 8: EMPLOYER CONTRIBUTION FISCAL YEAR 17/18 PREFUNDING AMOUNT.

Upon the motion of Mr. Sibbach, seconded by Mr. Savage, and unanimously passed, staff recommendation to approve the discounted prefunded Employer Contributions and Employer Contributions for Employee (P/U) for Fiscal Year 17/18 (estimated based on the recommended 2.38% rate increase implemented 01-01-2018 of \$50,217,973 OR implemented 07-01-2018 of \$49,182,268) as calculated by GRS was approved.

INVESTMENTS:

AGENDA ITEM NO. 9: MONTHLY INVESTMENT REPORT FOR MAY 2017.

Upon the motion of Mr. Janssen, seconded by Mr. Savage, and unanimously passed, the Investment Report for the period ending May 31, 2017 was received and filed.

AGENDA ITEM NO. 10: ASSET ALLOCATION.

Staff reported that no action regarding investment asset allocations were necessary at this time. Staff further advised that at the July meeting there would be a report on receipt of the prefunded contributions, where those funds should be deployed, and rebalancing of current asset allocations.

OPERATIONS:

AGENDA ITEM NO. 11: STAFF ORAL REPORTS.

- A)** Staff announced the results of the Trustee Election reporting that Mr. Hamilton was re-elected for another three-year term beginning July, 2017 through June, 2020.
- B)** Staff reported that a transparent California CPRA request has been complied with.

- C)** Staff reported that the office has not received any calls from retirees having trouble with California State tax refunds this year and believes the prior year tax reporting issues have been resolved.
- D)** Staff reported that the first disability retirement hearing utilizing an independent referee has been scheduled for October 10, 2017.
- E)** Staff requested feedback regarding the transmission of the electronic agenda packet via link to the website versus attachment to an e-mail.

AGENDA ITEM NO. 12: GENERAL COUNSEL ORAL REPORTS.

General Counsel provided a brief update on the Marin and Cal Fire cases.

AGENDA ITEM NO. 13: COMMITTEE REPORTS – AS NEEDED.

- A)** AUDIT COMMITTEE: See item No. 6.
- B)** PERSONNEL COMMITTEE: Nothing to report.
- C)** PENSION ADMINISTRATION SYSTEM ADMINISTRATION (PASR) COMMITTEE: The committee met June 19, 2017, nothing to report.

AGENDA ITEM NO. 14: UPCOMING BOARD TOPICS.

The planned topics for the next three board meetings were included in the agenda summary. This is an information item, nothing further to report.

AGENDA ITEM NO. 15: TRUSTEE COMMENTS.

No comments.

REFERRED ITEMS: None.

ADDED ITEMS: None.

CLOSED SESSION: None.

ADJOURNMENT.

There being no further business, the meeting was adjourned at 11:10 AM. The next Regular Meeting was set for July 24, 2017, at 9:30 AM, in the Board of Supervisors Chambers, New County Government Center, San Luis Obispo, California 93408.

Respectfully submitted,

**Carl Nelson
Executive Secretary**

**REPORT OF DEPOSITS AND CONTRIBUTIONS FOR THE MONTH OF
JUNE 2017**

PP 12 6/9/2017

By Employer and Tier:

Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Buy Backs	TOTAL Contributions
4,060,701.80	900,138.41	22.17%	762,110.33	18.77%	40.94%	1,757.50	33,929.49	1,697,935.73
887,408.31	201,884.54	22.75%	108,685.74	12.25%	35.00%	276.13	760.78	311,607.19
1,742,154.53	365,870.26	21.00%	183,621.28	10.52%	31.52%	-	427.46	549,919.00
296,692.25	63,886.19	21.53%	38,147.86	12.86%	34.39%	-	-	102,034.05
48,646.64	9,634.24	19.80%	3,642.96	7.49%	27.29%	-	114.54	13,391.74
74,113.17	15,593.08	21.04%	13,633.42	18.40%	39.43%	-	-	29,226.50
6,399.20	1,338.73	20.92%	730.25	11.41%	32.33%	-	-	2,068.98
10,232.17	2,244.93	21.94%	2,005.68	19.60%	41.54%	-	-	4,250.61
7,336.80	1,609.69	21.94%	799.71	10.90%	32.84%	-	-	2,409.40
7,885.16	1,691.37	21.45%	928.50	11.78%	33.23%	-	-	2,619.87
11,575.09	3,009.53	26.00%	1,849.40	15.98%	41.98%	-	-	4,858.93
7,153,145.12	1,566,900.97	21.91%	1,116,155.13	15.60%	37.51%	2,033.63	35,232.27	\$ 2,720,322.00

PP 13 6/23/2017

By Employer and Tier:

Pensionable Salary	Employer Contributions	Employer Rate	Employee Contributions	Employee Rate	Combined Rate	Additional Contributions	Buy Backs	TOTAL Contributions
4,056,433.40	898,871.27	22.16%	761,514.53	18.77%	40.93%	1,757.50	901.30	1,663,044.60
885,419.26	201,239.97	22.73%	108,442.61	12.25%	34.98%	278.82	760.78	310,722.18
1,742,700.68	366,246.85	21.02%	183,710.67	10.52%	31.54%	-	427.46	550,384.98
299,002.52	64,483.87	21.57%	38,376.86	12.83%	34.40%	-	-	102,860.73
48,786.74	9,663.20	19.81%	3,658.06	7.50%	27.31%	-	114.54	13,435.80
74,199.70	15,610.93	21.04%	13,651.77	18.40%	39.44%	-	-	29,262.70
6,917.60	1,443.13	20.86%	804.85	11.63%	32.50%	-	-	2,247.98
10,232.17	2,244.93	21.94%	2,005.68	19.60%	41.54%	-	-	4,250.61
7,336.80	1,609.69	21.94%	799.71	10.90%	32.84%	-	-	2,409.40
7,885.16	1,691.37	21.45%	928.50	11.78%	33.23%	-	-	2,619.87
11,575.09	3,009.53	26.00%	1,849.40	15.98%	41.98%	-	-	4,858.93
7,150,489.12	1,566,114.74	21.90%	1,115,742.64	15.60%	37.51%	2,036.32	2,204.08	\$ 2,686,097.78

TOTAL FOR THE MONTH

14,303,634.24	3,133,015.71	21.90%	2,231,897.77	15.60%	37.51%	4,069.95	37,436.35	\$ 5,406,419.78
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TOTAL YEAR TO DATE

92,879,777.77	20,187,843.07	21.74%	14,395,754.74	15.50%	37.23%	32,560.62	255,380.07	\$ 34,871,538.50
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**REPORT OF SERVICE & DISABILITY RETIREMENTS &
DROP PARTICIPANTS FOR THE MONTH OF:**

JUNE 2017

RETIREE NAME	DEPARTMENT	DATE	MONTHLY ALLOWANCE
ATKINS, HARRIET	PUBLIC WORKS	06-24-2017	Awaiting calcs
CURRY, SCOTT (DROP)	SHERIFF DEPARTMENT	06-01-2017	Option selection
MEICHTRY, KENNETH	PUBLIC WORKS	06-03-2017	1923.11
TRICE, JOHN	RECIPROCAL / SUPERIOR COURT	06-16-2017	8723.30 163.72*
VALLELY, MARK	DISTRICT ATTORNEY	06-03-2017	6271.27
WALKER, DAVID (DROP)	SHERIFF DEPARTMENT	06-01-2017	Option selection
VOISENAT, MICHELLE	SHERIFF DEPARTMENT	06-28-2017	5743.16 21.48*
ZUCHELLI, PATRICK (DROP)	SHERIFF DEPARTMENT	06-01-2017	6492.96
ADDENDUM:			
TRYON, ROSE	RECIPROCAL / SOCIAL SERVICES	04-01-2017	Awaiting calcs
ARGUILLA, IRMA	RECIPROCAL / PROBATION	05-16-2017	1439.10
MARSHALL, RICHARD	RECIPROCAL / PUBLIC WORKS	05-20-2017	Option selection

* Employee Additional Contribution Allowance (per Sections 5.07, 27.12, 28.12, 29.12, 30.12, and 31.12 of the Plan)

** Social Security Coordinated Temporary Annuity (per Section 13.06 of the Plan)

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Date: July 24, 2017
To: Board of Trustees
From: Carl Nelson – Executive Secretary

Agenda Item 5: Applications & Elections to Participate in the Deferred Retirement Option Program (DROP)

Recomendation:

It is recommended that you receive and approve the Application & Election to Participate in DROP for the individuals listed below.

Discussion:

The San Luis Obispo County Pension Trust has received an Application & Election to Participate in DROP from the following members listed below:

AUGUST 1, 2017	John Hacker, Sheriff Department
AUGUST 1, 2017	Donald McGill, Sheriff Department

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Date: July 24, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 6: Investment and Banking Authority

Recommendation:

Staff recommends that the Board approve and adopt the attached Resolution 2017-04 and accompanying Incumbency Certificate designating authorized signers for various investment and banking relationships.

Discussion:

In the normal course of conducting investment and banking business, the SLOCPT is sometimes required to produce a corporate resolution that documents authorized signers. These designations are necessary to the everyday operations of the SLOCPT. The Board last approved and adopted such documents at the regular meeting of January 23, 2017. It was determined that more recent documents may be required when initiating new or updating existing investment and banking relationships.

The attached Resolution 2017-04 and its referenced Incumbency Certificate provide such a certification. The approval of a resolution of this type is anticipated to be a routine item before the Board of Trustees or whenever authorized signers are changed or biannually.

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**SAN LUIS OBISPO COUNTY
PENSION TRUST**

PRESENT: Matt Jansen, Will Clemens, Guy Savage, Gere Sibbach,
James Erb, Jeff Hamm

ABSENT: James Hamilton

RESOLUTION NO. 2017-04

A Resolution Affirming Investment and Banking Authority

Whereas, the San Luis Obispo County Pension Trust conducts investment and banking activities as part of its normal course of business and finds it necessary to affirm and/or appoint which of its officers and employees are authorized signers for such activities.

NOW, THEREFORE, BE IT RESOLVED AND ORDERED AS FOLLOWS:

The attached San Luis Obispo County Pension Trust Investment and Banking Authority Incumbency Certificate dated July 24, 2017, is hereby approved.

Adopted: July 24, 2017

Approved as to Form and Legal Effect

Chris Waddell
General Counsel

SIGNED: _____
Matt Janssen
President, Board of Trustees
San Luis Obispo County Pension Trust

ATTEST: _____
Carl Nelson, Executive Secretary

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Investment and Banking Authority Incumbency Certificate

Effective Date: July 24, 2017
Date of Certification: July 24, 2017

The undersigned, being an officer of the Board of Trustees of the San Luis Obispo County Pension Trust ("SLOCPT"), organized under the laws of the State of California does hereby certify on behalf of the SLOCPT that the persons named below are officers or other designated staff members of the SLOCPT and that the title and signature at the right of said name, respectively, are the true title and genuine signature of said person and that the persons listed below are each an authorized signatory for the SLOCPT for **any and all investment and banking related matters**.

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Carl A. Nelson	Executive Secretary	_____
Amy Burke	Deputy Executive Secretary	_____
Andrea Paley	Retirement Program Specialist	_____
Debra Villalon	System Coordinator	_____

Furthermore, the undersigned does certify that the SLOCPT's Board of Trustees as of the date noted above are:

Matt Janssen, President
Will Clemens, Vice President
Guy Savage
James Hamilton

James Erb
Jeff Hamm
Gere Sibbach

Signed: _____
Matt Janssen, President
San Luis Obispo County Pension Trust
Board of Trustees

Date: _____

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Date: July 24, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 10: Monthly Investment Report for June 2017

The report will be distributed under separate cover following the receipt of the monthly analysis from the investment consultant. The preparation of the monthly performance report is dependent on custody bank statements that are not due until the 11th business day of the month.

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Date: July 24, 2017

To: Board of Trustees

From: Carl Nelson – Executive Secretary
Amy Burke – Deputy Executive Secretary

Agenda Item 11: Asset Allocation July 2017

This item on the agenda provides a properly noticed opportunity for the Board of Trustees to discuss and take action if necessary regarding asset allocation and related investment matters.

For the July meeting Staff will also present and discuss the planned asset rebalancing at the end of July including the allocation of the approximately \$50 million of employer contribution prefunding from the County and APCD. Verus as the Pension Trust's investment consultant will be providing their opinion on the rebalancing plan to be discussed.

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